CITY OF LINCOLN
CITY COUNCIL
AND
LINCOLN REDEVELOPMENT SUCCESSOR AGENCY
SPECIAL MEETING AMENDED AGENDA
November 12, 2015

OPEN SESSION MEETING

4:00PM – 5:00 PM*
Lincoln City Hall
First Floor Meeting Room
600 Sixth Street
Lincoln, CA 95648

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **CITIZENS ADDRESSING THE COUNCIL**
5. **GENERAL BUSINESS**
6. **INFORMATION ITEMS**

A. Sustainable Groundwater Management Act (SGMA). *(Staff -oral report')*

B. Water Master Plan Workshop #7. *(Tully/Wheeler/PFM – oral report)*

7. **ADJOURNMENT**

I HEREBY CERTIFY THE ATTACHED NOTICE WAS POSTED 24 HOURS PRIOR TO THE SCHEDULED MEETING.

Gwen Scanlon — **Dated:** 11/10/2015

GWEN SCANLON, CITY CLERK

***End time is an estimate**

Tully & Young
Comprehensive Water Planning

The City of Lincoln

Water Workshop No. 7

Gwyn-Mohr Tully, J.D.

November 12, 2015

6B

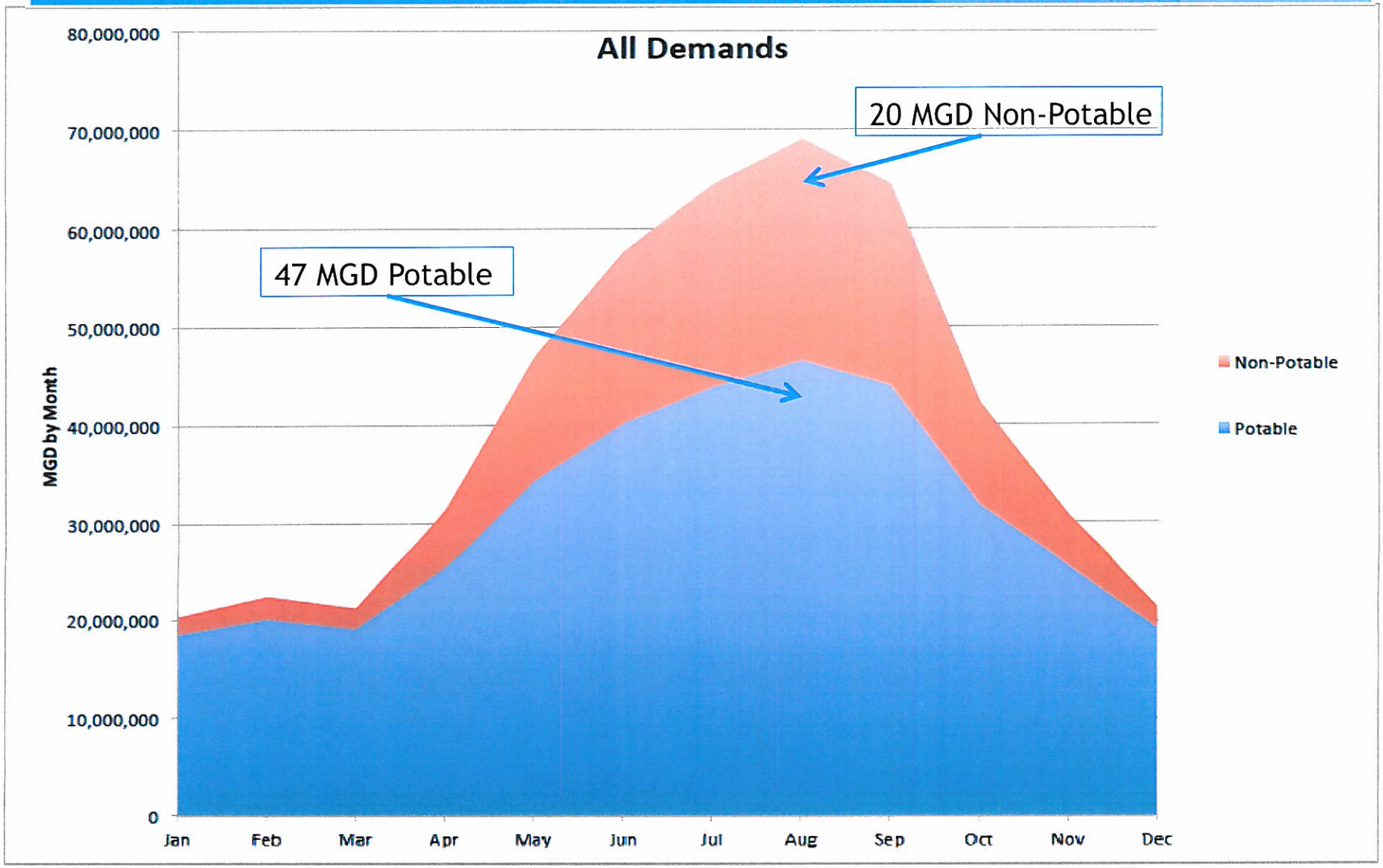
Council Direction

- Identify water supply and demand scenarios
- Define infrastructure for alternatives at buildout
- Assess buildout costs for identified alternatives
- Determine feasibility of each identified alternative

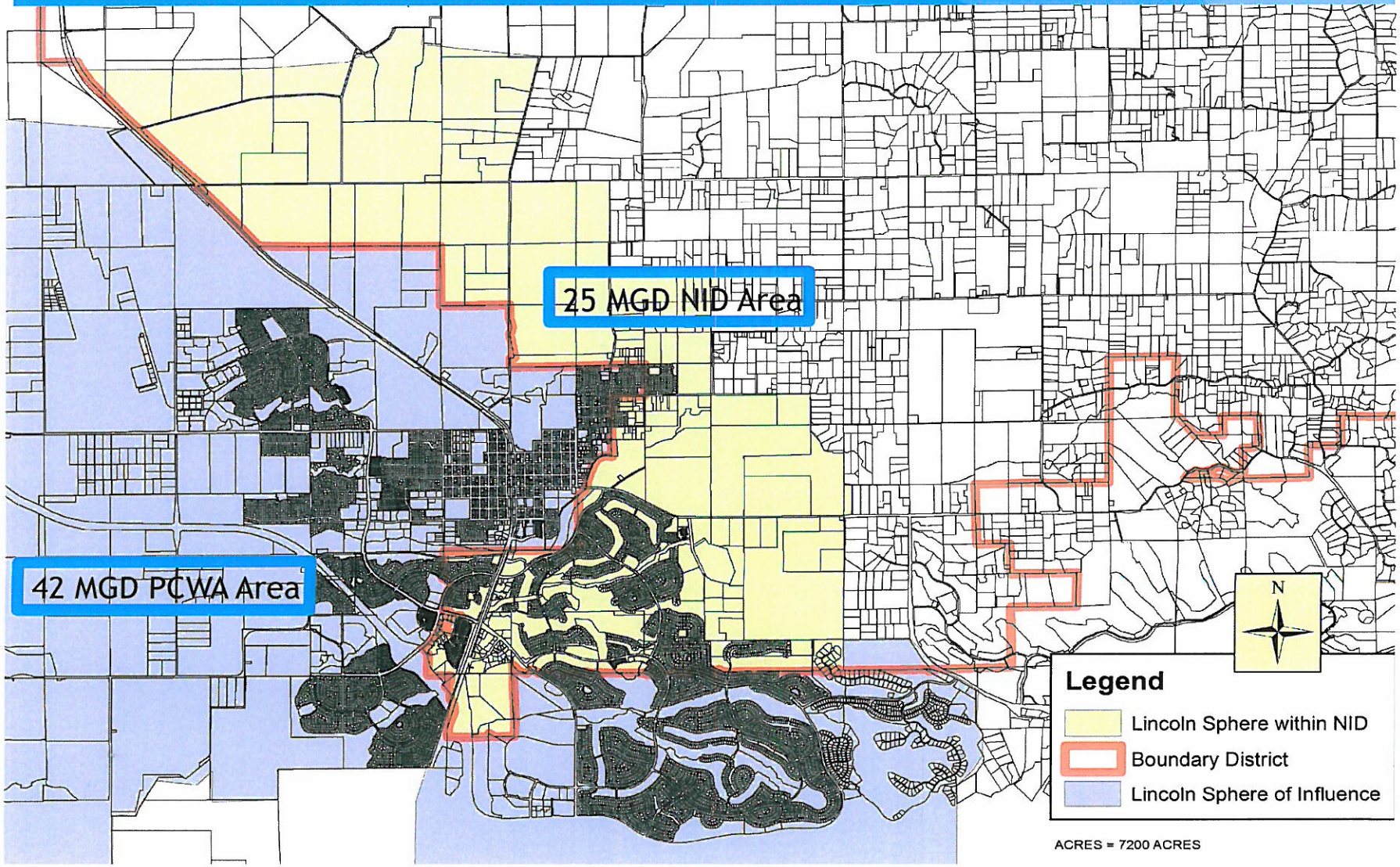
Overview of Workshop No. 7

- Present the buildout demand breakdown
- Propose 3 supply scenarios for discussion
- Identify costs associated with supply scenarios

Buildout Demand Graphic



PCWA and NID Service Area in City

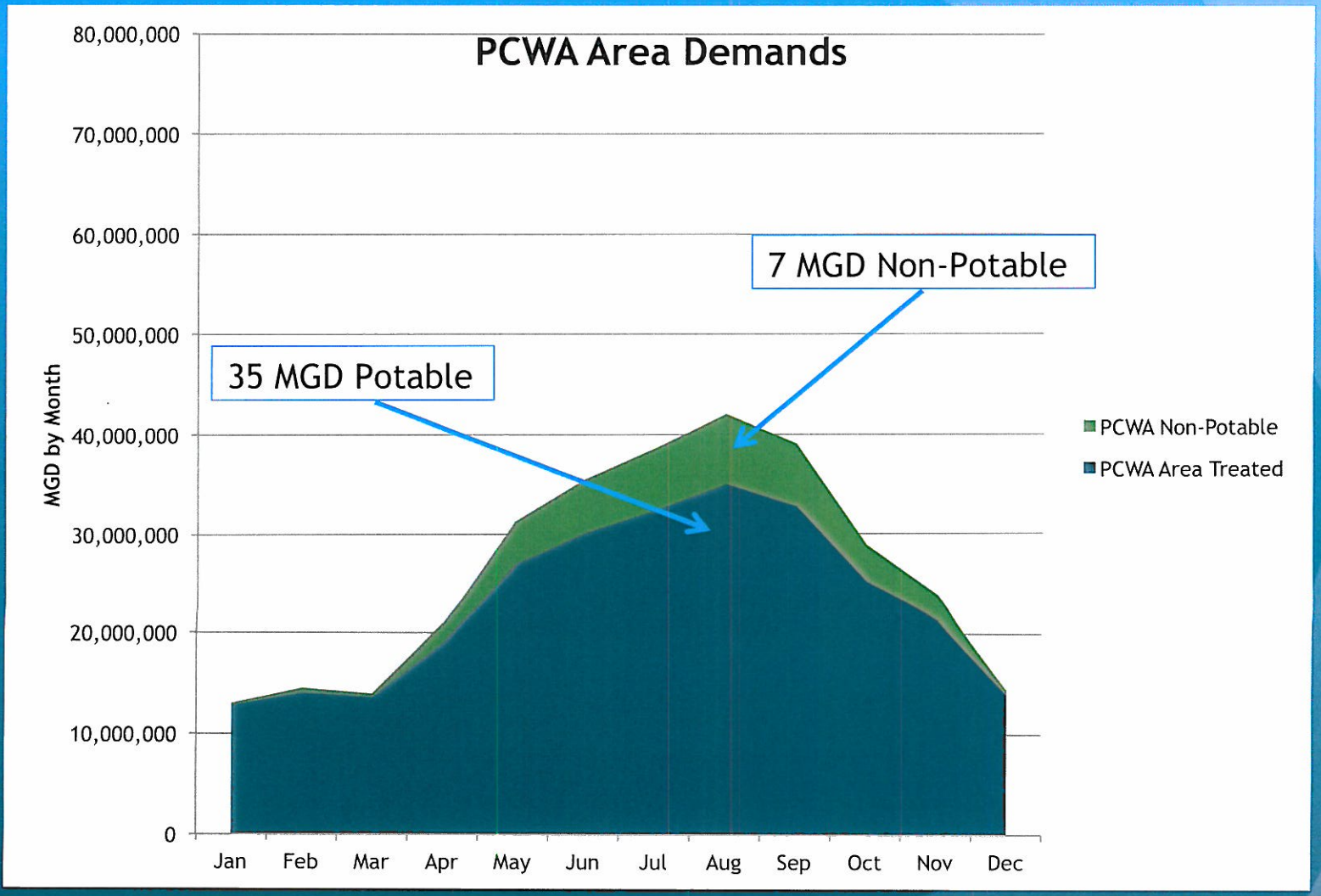


City Buildout Water Demand Breakdown

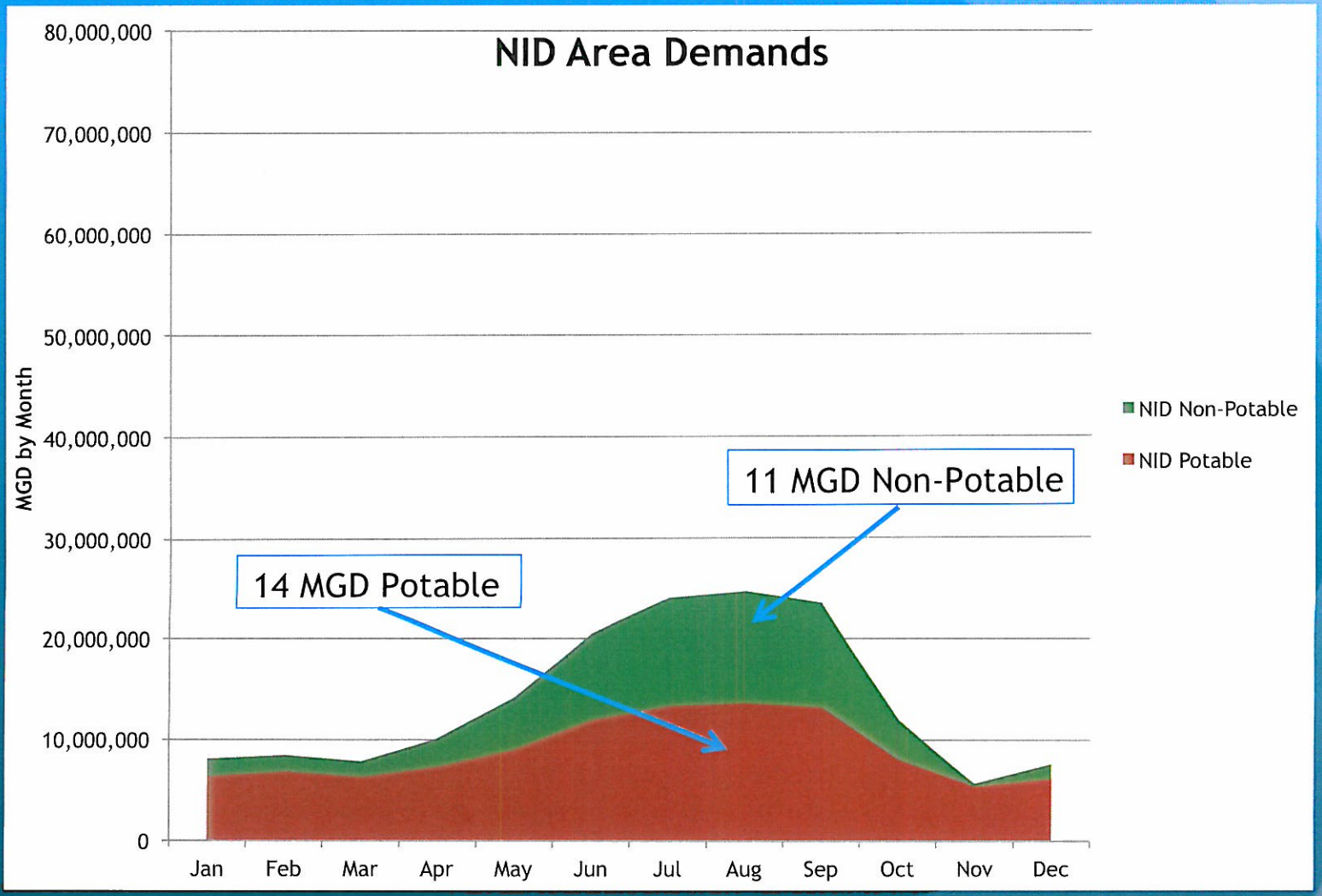
- Buildout Condition*
  - Max Day Demand = 67 MGD
    - NID Area - 25 MGD
    - PCWA Area - 42 MGD
- Buildout Max Day potable demand = 49 MGD
  - NID Area - 14 MGD
  - PCWA Area - 35 MGD
- Buildout Max Day non-potable = 18 MGD
  - NID Area - 11 MGD
  - PCWA Area - 7 MGD

*Demand excludes current raw water deliveries in City and SOI

PCWA Demand Graphic



NID Demand Graphic



Scenarios for Consideration

Demand Scenario 1: Status Quo

- 67 MGD potable water to meet all demands

Demand Scenario 2: Maximize Recycled and Raw Water – (90% of possible non-potable)

- 49 MGD potable, 18 MGD non-potable

Demand Scenario 3: Combination – (50% of possible non-potable)

- 57 MGD potable, 10 MGD non-potable

Demand Scenario 1

- Demand Distribution
  - PCWA - 42 MGD
  - NID – 25 MGD
- No distinction between potable and non-potable demands (all the same)

Supply for Demand Scenario 1

- Sources of Supply
  - PCWA treated surface water (35 MGD)*
  - NID treated surface water (25 MGD)
  - Treated groundwater (7 MGD)

*Groundwater offsets PCWA area demands only

Demand Scenario 2

(90% of possible non-potable)

- Demand Distribution
  - PCWA – 42 MGD
    - Potable – 35 MGD
    - Non-Potable – 7 MGD
  - NID – 25 MGD
    - Potable – 14 MGD
    - Non-Potable – 11 MGD

Supply for Demand Scenario 2

- Sources of Potable Supply (49 MGD)
  - Treated Groundwater (6 MGD)
  - ALT 1
    - PCWA treated surface water (29 MGD)
    - NID treated surface water (14 MGD)
  - ALT 2 (maximize NID plant)
    - PCWA treated surface water (18 MGD)
    - NID treated surface water (14 MGD + 11 MGD wheeled = 25 MGD)
- Sources of Non-Potable Supply (18 MGD)
  - Reclaimed Water
  - Raw Water
  - Non-potable Groundwater

Demand Scenario 3

(50% of possible non-potable)

- Demand Distribution
  - PCWA – 42 MGD
    - Potable – 39 MGD
    - Non-Potable – 3 MGD
  - NID – 25 MGD
    - Potable – 18 MGD
    - Non-Potable – 7 MGD

Supply for Demand Scenario 3

- Sources of Potable Supply (57 MGD)
  - Treated Groundwater (6 MGD)
  - ALT 1
    - PCWA treated surface water (33 MGD)
    - NID treated surface water (18 MGD)
  - ALT 2 (maximize NID plant)
    - PCWA treated surface water (26 MGD)
    - NID treated surface water (18 MGD + 7 MGD wheeled = 25 MGD)
- Sources of Non-Potable Supply (10 MGD)
  - Reclaimed Water
  - Raw Water
  - Non-potable Groundwater

Summary Supply Table

Supplies	Scenario 1	Scenario 2		Scenario 3	
		Alt 1	Alt 2	Alt 1	Alt 2
PCWA Treated	35	29	18	33	26
NID Treated	25	14	25	18	25
Potable Groundwater	7	6	6	6	6
Non-Potable	0	18	18	10	10
Total	**67**	**67**	**67**	**67**	**67**

Summary Cost Table

Values in $ Millions

Supplies	Scenario 1	Scenario 2		Scenario 3	
		Alt 1	Alt 2	Alt 1	Alt 2
PCWA Treated	200 - 250	150 - 200	12 - 15	180 - 230	75 - 95
NID Treated	166	92	166	130	166
Potable Groundwater	30	26	26	26	26
Non-Potable	0	*50 - 70	*50 - 70	25 - 40	25 - 40
Total	**396 - 446**	**318 - 388**	**254 - 277**	**361 - 426**	**292 - 328**

*Costs increase with the percentage of non-potable is reached, actual costs may be higher to serve all 90%

Roadmap for City Decision-Making

- Workshop 8 (Dec): Reach City Council Consensus on Preferred Water Supply Alternative(s) and Financial Issues

Questions?

Tully & Young

Comprehensive Water Planning

City of Lincoln
Water Supply Scenarios
Financing Alternatives

November 12, 2015

Public Financial Management, Inc.

601 S. Figueroa Street, Suite 4500
Los Angeles, CA 90017
(213) 489-4075
www.pfm.com

6B

Capital Costs are Financed at Time of Construction

- All supply cost alternatives have substantial capital cost
- Cashflow needs will dictate debt financing and timing
  - Construction costs may precede connection fee revenues
  - Debt can be used to better match revenues and expenditures
  - Interest costs will add to the cost of capital
- All costs (including debt service) are anticipated to be paid by new customers – growth pays its way
  - Connection fees
  - Developer contributions
  - Community Facility District

Different Financing Vehicles are Available

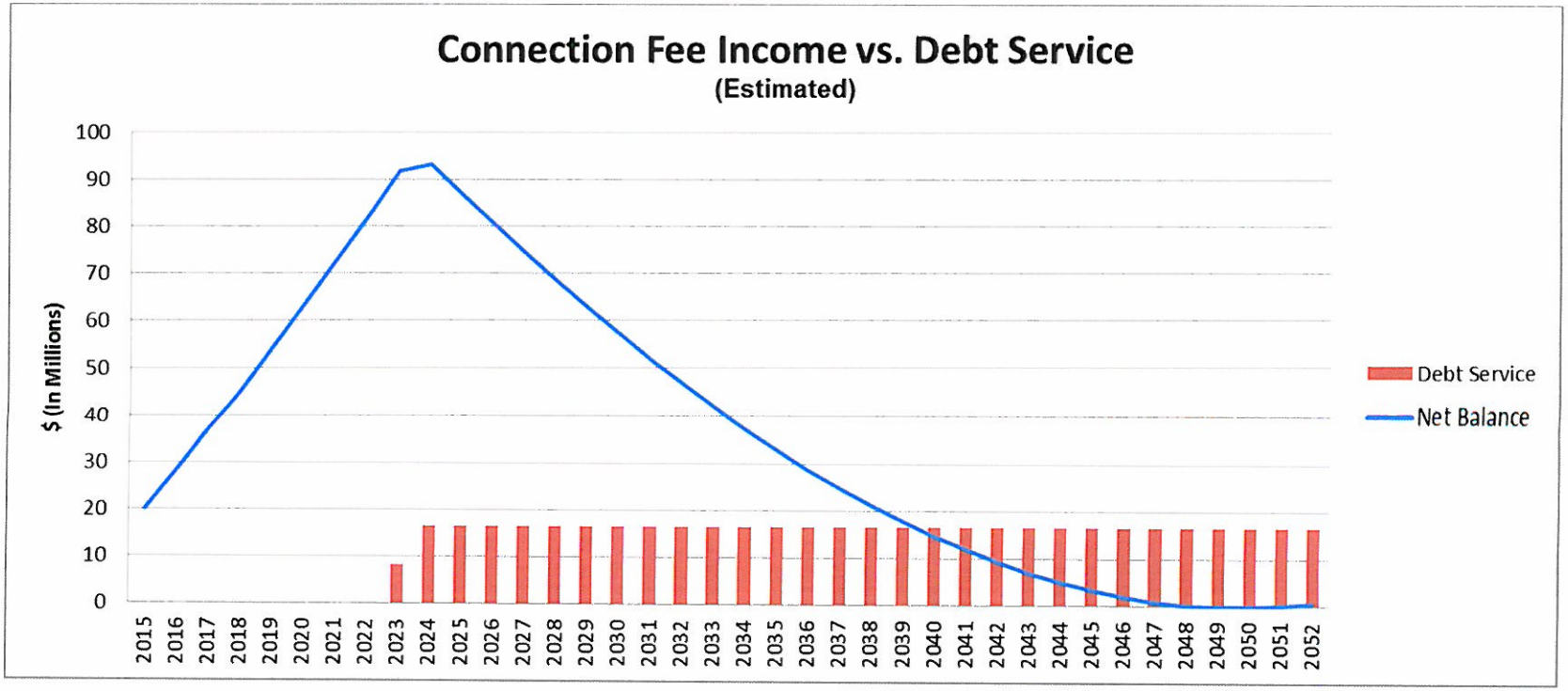
- Developer Contributions
  - Developers would contribute capital payments in exchange for credits over time
  - Traditional method of finance – may not be available at this time due to constraints on capital and inability to carry costs
- Joint Powers Authority
  - Regional project to be funded by more than one agency
  - Water supply contracts serve as security – paid by connection fees
  - Fund reserve and covenant to increase rates if reserves and connection fees are insufficient to pay debt service
- City of Lincoln Financing
  - Connection fees would pay debt service
  - Water utility could pledge revenues as backstop
  - Impact on City Utility debt capacity and ability to fund projects

Debt Financing Example

- Assumptions:
  - Construction cost in 2015 dollars = $200 million
  - Construction in 2023
  - Escalation factor = 2%
  - Construction cost in 2023 = $234 million
  - True Interest Cost = 5.6%
  - Thirty year level debt structure
- Annual debt service = $16.5 million
- 950 connections per year required to pay principal and interest (assuming today's connection fees, and no use of existing funds)

Debt Financing Example
(Using Available Funds)

- Assumes $20 million in fund
- Average of 560 New Connections per year
- Connection fee of $14,907, Increasing at 2% per year
- Debt Issuance in 2023
- $235.5 million of bonds



Next Steps

- Identify preferred alternative
- Develop funding and financing timeline
- Evaluate alternative financing vehicles and impacts on Lincoln
- Select optimal financing structure
- Work with City Council to identify partners as appropriate
- Develop revenue structure, including connection fees